

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-19-2736-20-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE
) OF INTENT TO ENTER ORDER TO CEASE
) AND DESIST AND TO IMPOSE FINES
Halydean Corporation;)
Taylor Forrester Moffitt a.k.a. Taylor Moffitt)
of Halydean)
)
)
Respondents)

THE STATE OF WASHINGTON TO: Halydean Corporation and Taylor F. Moffitt
a.k.a. Taylor Moffitt of Halydean

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Halydean Corporation and Taylor Forrester Moffitt a.k.a. Taylor Moffitt of Halydean have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations, to charge costs pursuant to RCW 21.20.390, and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

RESPONDENTS

1. Halydean Corporation (“Halydean”) is a Delaware corporation with its principal place of business in Hayward, Wisconsin. Halydean holds itself out as an agricultural land holding company that specializes in dairy and beef production.

1 **NATURE OF THE OFFERING**

2 6. In 2016, Tyler Moffitt met a Washington resident, "Investor A," online through a
3 mutual hobby interest. After becoming acquainted with Investor A, Moffitt offered to give him
4 the opportunity to acquire Halydean stock. In exchange for approximately \$4,500 of hobby
5 equipment, Moffitt gave Investor 500 shares of Halydean stock.

6
7 7. Investor A referred a group of friends, all Washington residents, to Moffitt, who
8 communicated with them by telephone, Skype, and/or email. Moffitt offered each of the friends
9 the opportunity to buy Halydean stock.

10 8. Moffitt provided some of the friends a Halydean document titled "Confidential
11 Private Placement Offering Memorandum, 14,814,814 shares common stock" ("PPM"). The
12 PPM contained a lengthy description of a proposed offering of Halydean stock to what it
13 described as "only a limited number of individuals and / or companies, who by definition fall
14 within certain exemptions contained in the Securities Exchange Act of 1934 as amended."
15 Under Washington law, the definition of "accredited investor" includes, among other things,
16 "any natural person whose individual net worth, or joint net worth with that person's spouse,
17 exceeds \$1,000,000" or "any natural person who had an individual income in excess of \$200,000
18 in each of the two most recent years or joint income with that person's spouse in excess of
19 \$300,000 in each of those years and has a reasonable expectation of reaching the same income
20 level in the current year."
21

22 9. In or about February 2016, Moffitt communicated with Investor B, a WA
23 resident, who had been referred to Moffitt by Investor A, by email and telephone. Moffitt offered
24 Investor B the opportunity to buy Halydean stock. Moffitt provided Investor B a Halydean PPM.
25 Moffitt provided Investor B instructions to wire the \$5,000 purchase price. Moffitt caused a

1 stock certificate for 500 shares of Halydean stock to be issued to Investor B. At the time of the
2 sale, Investor B did not meet the definition of accredited investor.

3 10. In or about March 2016, Moffitt communicated with Investor C, a WA resident,
4 who had been referred to Moffitt by Investor A, by email and telephone. Moffitt offered Investor
5 Investor C the opportunity to buy Halydean stock. Moffitt provided Investor C a Halydean PPM.
6 Moffitt provided Investor C instructions to pay the \$5,000 purchase price. Moffitt caused a stock
7 certificate for 500 shares of Halydean stock to be issued to Investor C. At the time of the sale,
8 Investor C did not meet the definition of accredited investor.
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10 11. In or about October 2016, Moffitt communicated with Investor D, a WA resident,
11 who had been referred to Moffitt by Investor A, by email and telephone. Moffitt offered Investor
12 Investor D the opportunity to buy Halydean stock. Moffitt provided Investor D a Halydean PPM.
13 Moffitt provided Investor D instructions to pay the \$5,000 purchase price. Moffitt caused a
14 stock certificate for 500 shares of Halydean stock to be issued to Investor D. At the time of the
15 sale, Investor D did not meet the definition of accredited investor.

16 12. In or about 2017, Moffitt communicated with Investor E, a WA resident, who had
17 been referred to Moffitt by Investor A, by email and telephone. Moffitt offered Investor Investor
18 E the opportunity to buy Halydean stock. Moffitt provided Investor E a Halydean PPM. Moffitt
19 provided Investor E instructions to pay the \$10,000 purchase price. Moffitt caused a stock
20 certificate for 500 shares of Halydean stock to be issued to Investor E. At the time of the sale,
21 Investor E did not meet the definition of accredited investor.

22 MISREPRESENTATIONS AND OMISSIONS

23 13. Moffitt failed to disclose to certain of the investors that he had filed for personal
24 bankruptcy in 2009.

1 14. Moffitt and Halydean provided the prospective investors with pro forma financial
2 statements in the PPM that indicated that Halydean expected to have assets of over \$116,000,000
3 before a planned Initial Public Offering (“IPO”) of its stock and that it expected to have assets of
4 over \$305,000,000 after the IPO. Neither Moffitt nor Halydean had a reasonable basis for the
5 forecast.

6 15. Moffitt and Halydean represented to investors in the PPM that the offering was
7 only being made available to “accredited investors” when they knew or should have known that
8 the Washington investors did not satisfy the “accredited investor” criteria. To claim an
9 exemption under Regulation D Rule 506(c), all investors must be accredited and the issuer must
10 take reasonable steps to verify that purchasers are accredited investors. Respondents failed to sell
11 their offering only to accredited investors and did not take reasonable steps to verify that their
12 purchasers were accredited.

13 16. For an offering exempt from registration under federal Regulation D Rules 504
14 and 505, an issuer must provide investors, who are not accredited, with specific information
15 relating to the business in order to qualify for an exemption. The issuer must provide
16 unaccredited investors with financial information (such as an audited balance sheet, an income
17 statement, and a cash flow statement). Respondents failed to provide investors, who were not
18 accredited investors, with the financial information required by Regulation D.
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20

21 **REGISTRATION**

22 17. Halydean is not currently registered and has never filed a registration application
23 or notice of claim of exemption to offer and sell its securities in the state of Washington.

24 18. Moffitt is not currently registered as a securities salesperson or broker-dealer in
25 the state of Washington and has not previously been so registered.

1 The Securities Administrator finds that the continued offering of Halydean stock in the
2 manner described in Tentative Finding of Fact paragraphs 1 to 18, presents a threat to the
3 investing public.

4 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

5 **CONCLUSIONS OF LAW**

6 1. The offer or sale of Halydean stock described above constitutes the offer or sale
7 of a security as defined in RCW 21.20.005(10) and (12), to wit: stock

8 2. The offer or sale of said securities is in violation of RCW 21.20.140 because no
9 registration or notification of claim of exemption for such offer or sale is on file with the
10 Securities Administrator and no valid claim of exemption under Regulation D exists.

11 3. Moffitt has violated RCW 21.20.040 by offering or selling said securities while
12 not registered as a securities salesperson or broker-dealer in the state of Washington.

13 4. The offer or sale of said securities was made in violation of RCW 21.20.010
14 because Moffitt and Halydean misrepresented or omitted to disclose material facts about the
15 offering of Halydean stock.

16 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

17 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
18 Administrator intend to order that Halydean and Moffitt; their agents and employees each cease
19 and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

20 **NOTICE OF INTENT TO IMPOSE FINES**

21 Pursuant to RCW 21.20.395 and based upon the Tentative Findings of Fact and
22 Conclusions of Law, the Securities Administrator intends to order that Taylor Forrester Moffitt
23 and Halydean Corporation shall be jointly and severally liable for and pay a fine of \$24,500.

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Approved by:



SUZANNE SARASON
Chief of Enforcement

Presented by:



MARTIN CORDELL
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner
Supervisor